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# Message Text

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PAGE 01 BEIRUT 02049 051432Z

65
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 AGR-10

/091 W

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R 051257Z MAR 76
FM AMEMBASSY BEIRUT
TO SECSTATE WASHDC 8873
INFO AMEMBASSY AMMAN
AMEMBASSY ATHENS
AMEMBASSY DAMASCUS

UNCLAS BEIRUT 2049

E.O. 11652 N/A
TAGS: ECON, ECRE, EFIN, EIND, LE
SUBJ: ESTIMATED DAMAGE TO LEBANESE INDUSTRY

1. ACCORDING TO THE LEBANESE INDUSTRIAL ASSOCITION PRESIDENT GEORGE ASSEILLIY, DAMAGE TO LEBANESE INDUSTRY AS A RESULT OF THE CIVIL WAR CAN BE PLACED PRELIMINARILY AT LL250 MILLION.

2. DAMAGE WAS OF COURSE BY NO MEANS EVENLY SPREAD, SOME INDUSTRIAL AREAS BEING COMPLETELY DESTROYED AND OTHERS NOT TOUCHED AT ALL. WHILE SOME OF THE FACTORIES NOT DAMAGED OPERATED AT FULL CAPACITY, CAPACITY WAS IN MOST CASES REDUCED BECAUSE OF LACK OF PERSONNEL OR RAW MATERAILS.

3. TO GET A BETTER IDEA OF WHAT LL250 MILLION MEANS, IT SHOULD BE RECALLED THAT INDUSTRY IN LEBANON IS CAPITALIZED AT LL2 BILLION AND REPRESENTS ABOUT 800 FIRMS. (INDUSTRY ACCOUNTS FOR ABOUT 18 PERCENT OF THE GNP.) MAJOR BRANCHES ARE TEXTILES, FOOD AND BEVERAGE PROCESSING AND THE MANUFACTURE OF BUILDING MATERIAL.

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4. CONSIDERING THAT PLANS HAVE BEEN MADE BY THE CENTRAL

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BANK TO MAKE AVAILABLEAN ADDITIONAL LL300 MILLION TO
THE BANK FOR INDSTRIAL AND TOURISTIC DEVELOPMENT FOR LONG-
TERM, LOW INTEREST CREDIT FOR RECONSTRUCTION PRUPOSES,
IT SHOULD BE POSSIBLE FOR THE INDUSTRIAL SECTOR TO MAKE A
RECOVERY IF CONSIDENCE IS RESTORED. PRIVATE CREDIT
SEEMS SUFFICIENTLY AVAILABLE TO GET FACTORIES MOVING
ONCE THEY ARE IN A POSITION TO OPERATE.

5. INDUSTRY IS DEPENDING ON THE ARAB COUNTRY MARKETS
AS THE MAIN RECIPIENT OF EXPORTS AND IS ALSO COUNTING ON LONG-
TERM CREDIT FROM THE WEALTHIER OF THESE COUNTRIES FOR
INFRASTRUCTURAL IMPROVEMENTS IN THIS SECTOR. IN THIS
LATTER CONNECTION THE HEAD OF THE KUWAIT-BASED ARAB
ECONOMIC AND SOCIAL FUND (A FORMER LEBANESE MINIS-
TER) IS CURRENTLY VISITING LEBANON.
LAMBRAKIS

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# Message Attributes

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**To:** STATE
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